

## LEND-LEASE: SUPPLIES AND SERVICES<sup>1</sup>

*Agreement signed at Washington April 17, 1945, with schedule and memorandum of interpretation; exchanges of notes at Washington April 17 and 19 and May 19, 1945*  
*Entered into force April 17, 1945*

59 Stat. 1642; Executive Agreement Series 481

### AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND BELGIUM UNDER SECTION 3(C) OF THE LEND-LEASE ACT<sup>2</sup>

As parties signatory to the United Nations Declaration of January 1, 1942,<sup>3</sup> the Government of the United States of America and the Government of Belgium have pledged themselves to employ their full resources, military and economic, against those nations with which they are at war. In the agreement of June 16, 1942<sup>4</sup> between the Government of the United States of America and the Government of Belgium, each contracting Government undertook to provide the other with such articles, services, facilities and information useful in the prosecution of their common war undertaking as each may be in a position to supply.

The Government of the United States of America and the Government of Belgium desire to insure the continuing provision of such articles, services, facilities or information without interruption owing to any uncertainty as to the date when the military resistance of the common enemy may cease; and desire to insure further that such articles, services, facilities or information as shall be agreed to be furnished by the United States for the purpose of providing war aid to the Government of Belgium, shall be disposed of and transferred, following a determination by the President that such aid is no longer necessary to the prosecution of the war, in an orderly manner which will best promote their mutual interests.

For the purpose of attaining the above-stated objectives, the Government

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<sup>1</sup> See also lend-lease settlement agreements of Sept. 24, 1946 (TIAS 2064, *post*, p. 631); May 12, 1949 (TIAS 2070, *post*, p. 708); Apr. 20, 1950 (1 UST 437; TIAS 2074); and Jan. 20 and Apr. 2, 1954 (5 UST 647; TIAS 2953).

<sup>2</sup> 55 Stat. 31.

<sup>3</sup> EAS 236, *ante*, vol. 3, p. 697.

<sup>4</sup> EAS 254, *ante*, p. 571.

of the United States of America and the Government of Belgium agree as follows:

#### ARTICLE I

All aid undertaken to be provided by the United States of America under this agreement shall be for Metropolitan Belgium and shall be made available under the authority and subject to the terms and conditions of the Act of Congress of March 11, 1941,<sup>2</sup> as amended and any appropriation acts thereunder.

#### ARTICLE II

The United States of America will transfer or render to the Government of Belgium such of the articles and services set forth in the Schedule annexed hereto as the President of the United States of America may authorize to be provided prior to a determination by the President that such articles and services are no longer necessary to the prosecution of the war. Any articles and services set forth in that Schedule transferred or rendered to the Government of Belgium prior to such determination shall be provided upon terms the final determination of which shall be deferred until the extent of lend-lease aid provided by the United States of America and of reciprocal aid provided by the Government of Belgium is known and until the progress of events makes clearer the final terms, conditions and benefits which will be in the mutual interests of the United States of America and Belgium in accordance with the terms of the agreement of June 16, 1942, and which will promote the establishment and maintenance of world peace.

#### ARTICLE III

After a determination by the President of the United States of America that any of the articles and services set forth in the Schedule annexed hereto are no longer necessary to the prosecution of the war, the United States of America will transfer or render, within such periods of time as may be authorized by law, and the Government of Belgium will accept, such articles and services as shall not have been transferred or rendered to the Government of Belgium prior to said determination.

The Government of Belgium undertakes to pay the United States of America in dollars for the articles and services transferred or rendered under the provisions of this Article in accordance with the terms and conditions prescribed in the Schedule annexed hereto.

#### ARTICLE IV

Changes may be made from time to time in the items set forth in the Schedule annexed hereto, by mutual agreement between the Government of the United States of America and the Government of Belgium.

The Government of Belgium shall be released from its obligation to accept articles or services, under Article III above, upon payment to the Govern-

ment of the United States of America of any net losses to the Government of the United States of America including contract cancellation charges resulting from the determination of the Government of Belgium not to accept such articles or services.

Delivery of any articles or services, under the provisions of Article III may be withheld by the Government of the United States of America without cost to the Government of Belgium whenever the President determines that such action is in the national interest.

#### ARTICLE V

Any amount paid to the Government of the United States of America pursuant to the terms of this Agreement shall be deemed to be among the benefits or considerations provided by the government of Belgium pursuant to Article VI of the agreement of June 16, 1942.

#### ARTICLE VI

This Agreement shall take effect as from this day's date. It shall continue in force until a date to be agreed upon by the two Governments.

Signed and sealed at Washington this 17th day of April, 1945.

For the Government of the United States of America:

E. R. STETTINIUS, Jr. [SEAL]  
*Secretary of State of the  
United States of America*

For the Government of Belgium:

GUTT [SEAL]  
*Former Minister of Finance of Belgium*  
SILVERCRUYS [SEAL]  
*Ambassador Extraordinary and Plenipotentiary  
of Belgium in Washington*

#### SCHEDULE

The terms and conditions upon which the articles and services listed below are to be transferred by the United States of America to the Government of Belgium after the determination by the President of the United States of America that such aid is no longer necessary to the prosecution of the war, in accordance with Article III of this Agreement, are as follows:

A. Unless otherwise provided by mutual agreement, transfers of articles to the Government of Belgium shall take place immediately upon loading of the articles on board ocean vessel in a United States port, provided, that those articles which, prior to the end of the periods authorized by law, shall have been contracted for by the United States Government and shall

not have been transferred to the Government of Belgium as above set forth, shall be deemed to be transferred to the Government of Belgium upon the last day of such periods. Risk of loss with respect to articles to be transferred to the Government of Belgium shall pass in accordance with the customary practice of the United States Government with respect to transfers under the Act of Congress of March 11, 1941, unless otherwise provided by mutual agreement.

B. The amount which the Government of Belgium shall pay to the United States of America for articles transferred under the provisions of Article III of this Agreement shall be the total purchase price, as determined by the President of the United States of America, and said total purchase price shall be the price of the articles as determined under paragraph 2 hereof plus the additional costs (incidental to delivery at shipside) set forth in paragraph 3 hereof.

1. In the determination of the price under paragraph 2 the following definitions shall apply:

(a) The term "contract price" means the contract price f. o. b. point of origin paid by the United States Government to the contractor.

(b) The term "current sale price" with respect to any articles means the market price as of the date of transfer to the Government of Belgium of articles of similar quality and in similar quantity as determined by the President.

2. The price of the articles shall be determined as follows:

(a) If the articles transferred to the Government of Belgium are provided out of articles delivered to a United States Government agency pursuant to an order or contract determined by the President to have been placed for some purpose other than that of filling a requisition or request filed by the Government of Belgium, the price shall be the current sale price.

(b) If the articles transferred to the Government of Belgium have been the subject of a contract or order placed by a United States Government agency for the purpose of filling a requisition or request filed by the Government of Belgium and have been made available by the supplier for shipment prior to the day on which the President shall have determined that such articles are no longer necessary to the prosecution of the war, the price shall be the current sale price or the contract price less 5 per cent thereof, whichever is lower.

(c) If the articles transferred to the Government of Belgium have been the subject of a contract or order placed by a United States Government agency for the purpose of filling a requisition or request filed by the Government of Belgium and have been made available by the supplier for shipment on or after the day on which the President shall have determined that such

articles are no longer necessary to the prosecution of the war, the price shall be the contract price.

(d) For the purpose of subparagraphs (b) and (c) above, the articles shall be deemed to have been made available for shipment by the supplier on the date of issuance of the United States Government Bill of Lading (inland) under which the articles were shipped.

3. The additional costs to be added to the price to arrive at the total purchase price shall be the costs incurred by the United States of America for inland transportation, storage and other charges incidental to delivery of the articles at shipside. The United States of America will inform the Government of Belgium from time to time of the amount of such costs incurred and the bases on which they have been determined.

C. Payment of the total purchase price for all articles transferred under the provisions of Article III of this Agreement, shall be made by the Government of Belgium on or before July 1, 1975.

1. Payment of the total purchase price of any article so transferred shall be made in equal annual installments, the first of which shall become due and payable on July 1, 1946, or on the first of July next following the day on which such article shall have been transferred, whichever is later.

2. Nothing herein shall be construed to prevent the Government of Belgium from anticipating the payment of any such installments or any part thereof.

3. If by agreement of the United States of America and the Government of Belgium it is determined that, because of extraordinary and adverse economic conditions arising during the course of payment, the payment of a due installment would not be in the joint interest of the United States of America and the Government of Belgium, payment may be postponed for an agreed upon period.

D. Interest on the unpaid balances of the total purchase price determined under Section B above for any article so transferred, shall be paid by the Government of Belgium at the fixed rate of two and three-eighths percent per annum, accruing from the first day of July, 1946 or from the first day of July next following the day on which such article shall have been transferred, whichever is later. Interest shall be payable annually, the first payment to be made on the first day of July next following the first day of July on which such interest began to accrue.

E. The Government of Belgium shall pay to the United States of America the cost of the services listed in this schedule to the extent that such services shall be rendered to the Government of Belgium following the determination by the President that such services are no longer necessary to the prosecution of the war. The cost of such services, so rendered, shall be determined by

the President of the United States of America and shall be paid by the Government of Belgium in accordance with the same terms as provided for the payment of the total purchase price of the articles provided hereunder, as set forth in Section C above. Interest shall be paid on the unpaid balances of the cost of such services in accordance with the terms of Section D hereof.

F. The total purchase price value of all the articles and services in this Schedule 1 shall not exceed \$325,200,000. Such articles and services and their estimated cost to the Government of the United States of America are as follows:

Raw materials	\$90,000,000
Food	75,000,000
Petroleum	14,000,000
Agricultural supplies	18,000,000
Clothing, footwear and shoe repair materials	5,000,000
Medical supplies	1,500,000
Short life equipment for industrial and transport facilities used in war production	77,000,000
Prisoner of war supplies	2,500,000
Freight charges on United States vessels	42,200,000
Total	<hr/> \$325,200,000

MEMORANDUM OF INTERPRETATION WITH RESPECT TO THE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND BELGIUM UNDER SECTION 3 (C) OF THE LEND-LEASE ACT

The Government of the United States of America directs the attention of the Government of Belgium to the proposed agreement under Section 3 (c) of the Lend-Lease Act and in particular to Article IV thereof. Under Article IV this Government will review, from time to time, and particularly at the conclusion of hostilities in Europe, as determined by the President, articles and services set forth in the Schedule annexed to the Agreement in order to determine whether the delivery of such articles or services should be withheld in the national interest of the United States. The reservation made by this Government in Article IV to withhold delivery of articles and services "whenever the President determines that such action is in the national interest" constitutes a broad power to cancel or revoke procurement programs or contracts. It is not possible to predict with precision what occasions or circumstances may arise in the future which may require this Government to withhold delivery. Actual delivery will always be subject to the development of the military situation, and the changing demands of strategy, as well as to economic and financial factors which affect the national interest of this Government.

The Government of the United States of America expects that all articles and services transferred to the Government of Belgium on or before February 28, 1945, pursuant to the exchange of notes between the Foreign Economic Administration and the Belgian Ambassador to the United States on

October 20 and October 25, 1944,<sup>5</sup> will be paid for in United States dollars in accordance with the terms of those notes and any articles and services requisitioned in accordance with the provisions of those notes but transferred after February 28, 1945 will be regarded, if appropriate, as deliveries under the Schedule annexed to the Agreement.

The Government of the United States of America further wishes to point out that, in view of the existing economic and governmental relationships and arrangements between the Government of Belgium and the Grand Duchy of Luxembourg, and the fact that the Government of Belgium and the Grand Duchy of Luxembourg are employing their resources together in the prosecution of the war against the common enemy, it is understood that some of the articles, or an appropriate portion thereof, delivered under this Agreement are required for use or consumption within the Grand Duchy of Luxembourg, and that the Government of Belgium and the Grand Duchy of Luxembourg will make such arrangements between them as may be needed to effectuate such use or consumption within the Grand Duchy of Luxembourg. The Government of the United States of America therefore consents to the transfer by the Government of Belgium of such articles, or an appropriate portion thereof, to the Grand Duchy of Luxembourg.

It is further understood that the Government of Belgium will be obligated to pay currently for civilian supplies furnished by the combined military authorities under "Plan A" or "Plan A" as modified. Payment will be made in accordance with the arrangements to be made with the governments which have furnished the supplies, and in United States dollars to the extent determined under such arrangements.

It is, of course, understood that in the implementation of the provisions of any lend-lease agreement with the Government of Belgium, the Government of the United States of America will act in accordance with its Constitutional procedures.

E. R. STETTINIUS, Jr.

DEPARTMENT OF STATE

*Washington, April 17, 1945*

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EXCHANGES OF NOTES

*The Belgian Ambassador to the Secretary of State*

AMBASSADE DE BELGIQUE

WASHINGTON, *April 17, 1945*

SIR:

Several questions of interpretation have arisen with respect to the language of the Agreement between our two Governments under Section 3 (c) of

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<sup>5</sup> Not printed here.

the Lend Lease Act. I believe it will be helpful to indicate the understanding which my Government now has with respect to these questions and I would appreciate an expression from you as to whether or not these understandings are correct.

1. It is the understanding of my Government that the Agreement does not apply to arms and munitions, and that arms and munitions now or hereafter provided to my Government will be supplied, on a straight lend lease basis, under the Agreement of June 16, 1942 between our two Governments on the principles applying to mutual aid.

2. We understand that in general it is not the intention of the United States Government to exercise its right under Article V of the Agreement between our two Governments dated June 16, 1942 to recapture any articles for which the Government of Belgium has paid or is to pay the United States Government. If, however, the United States Government should exercise this right with respect to any such articles, appropriate arrangements will be made for repayment to the Government of Belgium.

3. With reference to the last paragraph of Article III of the Agreement under Section 3 (c) of the Lend Lease Act, it is the understanding of my Government that no articles or services will be transferred or rendered to my Government under that Article unless they have been requisitioned by my Government.

4. In the first paragraph of Article IV of the Agreement under Section 3 (c) of the Lend Lease Act, it is stated that changes may be made from time to time in the items set forth in the Schedule annexed thereto, by mutual agreement between the United States of America and the Government of Belgium. It is our understanding that this language means that not only the items but also the values expressed for each item in the Schedule and the total value expressed for the whole Schedule, may be modified by mutual agreement.

5. With regard generally to the provisions of the Agreement under Section 3 (c) of the Lend Lease Act with reference to risk of loss and transfer, as expressed in Section A of the Schedule annexed to the Agreement, it is my understanding that a suitable opportunity will be given to representatives of my Government, in accordance with the general procedures of your Government, to inspect articles proposed to be transferred before their transfer.

6. With reference to the provision of the Schedule annexed to the Agreement under Section 3 (c) of the Lend Lease Act that risk of loss shall pass in accordance with the customary practice of the United States Government with respect to transfers under the Act of Congress of March 11, 1941, it is the understanding of my Government that under the practice referred to risk of loss usually passes when the articles leave the possession of the supplier or are withdrawn from United States Government stock.



7. With reference to the provision of Section A of the Schedule annexed to the Agreement under Section 3 (c) of the Lend Lease Act that "those articles which, prior to the end of the periods authorized by law, shall have been contracted for by the United States Government and shall not have been transferred to the Government of Belgium as above set forth, shall be deemed to be transferred to the Government of Belgium upon the last day of such periods", it is the understanding of my Government that the term "periods" refers to the period as now provided for by the last clause of section 3 (c) of the Lend Lease Act, or as such period may hereafter be extended by amendment of that Act, during which the powers conferred by or pursuant to Section 3 (a) of that Act may be exercised to the extent necessary to carry out a contract or agreement made under Section 3 (c) of that Act.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

SILVERCRUYS  
*Belgian Ambassador*

The Honorable EDWARD R. STETTINIUS, Jr.  
*Secretary of State*  
*Washington, D.C.*

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*The Secretary of State to the Belgian Ambassador*

DEPARTMENT OF STATE  
WASHINGTON  
*April 17, 1945*

MY DEAR MR. AMBASSADOR:

In reply to your letter of today's date outlining your Government's understanding of seven questions which have arisen with respect to the language of the Agreement between our two Governments under Section 3 (c) of the Lend-Lease Act, I am pleased to state that the understanding of your Government coincides with the views held by the Government of the United States in respect to these matters.

Sincerely yours,

E. R. STETTINIUS, Jr.

His Excellency  
Baron ROBERT SILVERCRUYS  
*Belgian Ambassador*

*The Secretary of State to the Belgian Ambassador*

DEPARTMENT OF STATE  
WASHINGTON

*April 17, 1945*

MY DEAR MR. AMBASSADOR:

In the Memorandum of Interpretation accompanying the Agreement under Section 3 (c) of the Lend-Lease Act which was signed by our Governments today, there is set forth the understanding of my Government that some of the articles to be delivered under the Agreement will be required for use or consumption within the Grand Duchy of Luxembourg and that the Government of Belgium and the Government of the Grand Duchy of Luxembourg will make the necessary arrangements to effectuate such use or consumption within the Grand Duchy of Luxembourg.

You will understand that if my Government should not be able to conclude arrangements with the Grand Duchy of Luxembourg required by the Lend-Lease Act, my Government's consent to future retransfers to the Grand Duchy of Luxembourg, as expressed in the Memorandum accompanying the 3 (c) Agreement, will have to be qualified or revoked.

Sincerely yours,

E. R. STETTINIUS, Jr.

His Excellency

Baron ROBERT SILVERCRUYS

*Belgian Ambassador*

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*The Belgian Ambassador to the Secretary of State*

AMBASSADE DE BELGIQUE

No. 2369  
Dos. 8492/9

WASHINGTON, *April 19th, 1945*

MY DEAR MR. SECRETARY:

With reference to the Schedule attached to the Agreement between the United States of America and Belgium, under Section 3 (c) of the Lend-Lease Act, I note that the amount of \$42,000,000.00 has been set for freight charges on American vessels.

After discussion of this matter with the experts of the "Mission Economique Belge", I feel that due to the fact that an important part of the supplies from United States to Belgium will be shipped on vessels that are not under American Registry, the amount of \$42,000,000. seems far in excess of the freight payments which could possibly be made for transport on American ocean vessels.

Under Article IV of said Agreement, changes may be made from time to time in the items set forth in the Schedule annexed thereto. However, in connection with the conclusion of the Agreement, I should like to state, for the record, that if in the near future the estimate of the experts of the "Mission Economique Belge" proves to be correct, I will request a transfer of part of this amount to other items of the schedule.

Sincerely yours,

*The Belgian Ambassador*  
SILVERCRUYS

The Honorable E. STETTINIUS  
*Secretary of State*  
*Washington, D.C.*

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*The Belgian Ambassador to the Secretary of State*

AMBASSADE DE BELGIQUE

D. 8492/9  
No. 2370

WASHINGTON, *April 19th, 1945*

MY DEAR MR. SECRETARY,

With respect to paragraph B of the Schedule attached to the Agreement between the United States of America and Belgium, under Section 3 (c) of the Lend-Lease Act, I wish to state that my Government has accepted the provisions concerning the determination of the price, subject to the condition that in case a different manner of determination should be set forth in a similar Agreement between the United States of America and another country, my Government would expect to obtain the benefit of the provisions relating to price determination as embodied in such an Agreement. I should be grateful if you would kindly confirm that this is also the understanding of your Government.

Sincerely yours,

*The Belgian Ambassador*  
SILVERCRUYS

The Honorable E. STETTINIUS  
*Secretary of State*  
*Washington, D.C.*

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*The Secretary of State to the Belgian Ambassador*

DEPARTMENT OF STATE

WASHINGTON

*May 19, 1945*

MY DEAR MR. AMBASSADOR:

I acknowledge the receipt of your letter of April 19, 1945 in which you state that in respect to the price arrangements contained in paragraph B of

the Schedule attached to the Lend-Lease Agreement of April 17, 1945 between the United States and Belgium, your Government would expect to obtain the benefit of comparable price provisions contained in a similar Agreement between the United States and any other country.

The Government of the United States has the intention of treating each country in its individual relationship with the United States fairly and equitably in all matters pertaining to lend-lease and the general procurement of supplies in the United States. However, the United States does not consider it necessary that comparable arrangements in similar agreements between the United States and any other country should contain identical or equally favorable provisions. It is sufficient that the individual lend-lease arrangements established between the United States and each country shall be reasonable. The relatively temporary character of lend-lease, the numerous and dissimilar factors involved in the lend-lease relationships of the United States and the rapidly changing war situation compel this Government to retain freedom of action in negotiating individual lend-lease agreements.

Sincerely yours,

JOSEPH C. GREW  
*Acting Secretary*

His Excellency  
BARON ROBERT SILVERCRUYS  
*Belgian Ambassador*